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U.S. Sanctions on Russia: An Overview

The United States imposes sanctions on Russian persons (individuals and entities) for aggression against Ukraine, election interference, malicious cyber activity, human rights violations, weapons proliferation, and other activities. U.S. sanctions regimes against Russia have increased in complexity and scope with enactment of the Countering Russian Influence in Europe and Eurasia Act of 2017 (CRIEEA; P.L. 115-44, Countering America's Adversaries Through Sanctions Act, Title II; 22 U.S.C. 9501 et seq.).

Sanctions against Russian persons can include blocking U.S.-based assets; prohibiting U.S. persons from engaging in transactions related to those assets; prohibiting certain, and in some cases all, U.S. transactions; and denying entry into the United States. The United States also tightly controls exports to Russia's energy and defense sectors and restricts exports where the end-use might have military application. Each rationale for imposing sanctions and the sanctions tools used, however, have their own nuances.

Ukraine

Most U.S. designations of Russian persons have been made in response to Russia's 2014 invasion and annexation of Ukraine's Crimea region and Russia's subsequent fostering of separatist conflict in eastern Ukraine. To date, the United States has imposed Ukraine-related sanctions on around 645 persons. The Department of the Treasury's Office of Foreign Assets Control (OFAC) continues to investigate and designate persons, most recently in April 2018.

A series of executive orders (EO 13660, 13661, 13662, 13685) issued in 2014 and codified by CRIEEA form the basis for Ukraine-related designations. Designations identify those found to be undermining the stability of Ukraine, misappropriating its state assets, annexing Crimea to Russia, using illicit armed force in Ukraine, and conducting business, trade, or investment in occupied Crimea. The EOs also provide for sanctions against Russian government officials and those who support them, persons who operate in the Russian arms sector, and persons that operate in key sectors of the economy. Any person designated pursuant to these orders is subject to the blocking of assets under U.S. jurisdiction and (for individuals) denial of entry into the United States. U.S. persons are generally prohibited from engaging in transactions with designees.

In addition, OFAC established "sectoral sanctions" that restrict persons under U.S. jurisdiction from engaging in certain transactions with persons OFAC identifies as being subject to one of four directives under EO 13662. These restrictions apply to investment and financing in Russia's financial sector; financing in its energy and defense sectors; and the development of deepwater, Arctic offshore, or shale projects that could produce oil and, as amended by

CRIEEA, such projects worldwide in which those persons have an ownership interest of 33% or more or a majority of voting interests.

The Departments of State and Commerce also deny export licenses for military, dual-use, or energy-related goods to designated end-users, most of which are also subject to Treasury-administered sanctions.

The Ukraine Freedom Support Act of 2014 (UFSA; P.L. 113-272; 22 U.S.C. 8921 et seq.), as amended by CRIEEA, requires sanctions on foreign persons who make "a significant investment" in certain oil projects in Russia, and on foreign financial institutions that engage in significant transactions for such projects or for any person subject to Ukraine-related sanctions (no designations to date).

The Support for the Sovereignty, Integrity, Democracy, and Economic Stability of Ukraine Act of 2014 (SSIDES; P.L. 113-95; 22 U.S.C. 8901 et seq.) requires sanctions on persons found to be undermining "the peace, security, stability, sovereignty, or territorial integrity of Ukraine" (similar to the Ukraine-related executive orders that year).

Malicious Cyber Activity

Sanctions imposed to deter malicious cyber activity are based on two authorities. The first is EO 13694, as amended by EO 13757 (and codified by CRIEEA). This targets those who engage in cyberattacks against critical infrastructure, financial and commercial targets, and elections.

In December 2016, the Obama Administration identified nine persons subject to sanctions pursuant to EO 13694, as amended, for election-related cyber activity, including Russia's leading intelligence agency (Federal Security Service, or FSB) and military intelligence (GRU). Two other persons were designated for financial cybercrimes.

In March 2018, the Trump Administration designated 16 persons for election-related activity. These include persons for which the U.S. Department of Justice Special Counsel has secured an indictment for crimes related to election interference. In June 2018, the Trump Administration designated another eight persons pursuant to this authority.

The second authority to deter cyber intrusion, CRIEEA, at Section 224, enlarges the scope of prohibited cyber-related activities to include a range of activities conducted on behalf of the Russian government that undermines the cybersecurity of any person or government.

Pursuant to this authority, in March 2018 the Trump Administration designated six persons already designated, as well as two others, for the 2017 NotPetya ransomware

attack. In June 2018, the Administration designated one more entity pursuant to this authority.

CRIEEA also requires sanctions on persons that engage in significant transactions with persons related to Russia's defense or intelligence sectors (no designations to date). This can be waived if the President certifies that Russia has "made significant efforts to reduce the number and intensity of cyber intrusions."

Human Rights Abuse and Corruption

The Sergei Magnitsky Rule of Law Accountability Act of 2012 (P.L. 112-208, Title IV; 22 U.S.C. 5811 note) requires the President to identify persons involved in the detention, abuse, or death of Russian lawyer Sergei Magnitsky, or who are "responsible for extrajudicial killings, torture, or other gross violations of internationally recognized human rights" in Russia. To date, 49 individuals have been designated pursuant to this act.

SSIDES, as amended, requires sanctions on Russian officials, associates, and family members responsible for significant corruption. It also requires sanctions on persons who support human rights abuses in territory Russia occupies or controls (no designations to date).

CRIEEA requires sanctions on persons who make or facilitate investments of \$10 million or more that contribute to Russia's privatization of state-owned assets "in a manner that unjustly benefits" government officials, relatives, or associates (no designations to date).

Syria

In April 2018, the Trump Administration designated state-owned arms exporter Rosoboronexport and an associated bank pursuant to EO 13582 for providing material support to Syria's government. Previously, the Obama Administration designated two banks (which have since had their licenses revoked) and related individuals.

UFSA requires sanctions against Russian persons that transfer weapons to Syria and financial institutions that engage in related transactions. CRIEEA requires sanctions on foreign persons that contribute to Syria's acquisition or development of defense articles (no designations to date).

North Korea

In June and August 2017, the Trump Administration designated seven Russia-related persons under EO 13722 for trade in petroleum with North Korea.

The Trump Administration also has designated four Russian persons pursuant to EO 13382 for engaging in trade with a North Korean company known for developing weapons of mass destruction and missile systems.

Weapons Proliferation

The President is authorized to impose sanctions on those he determines have engaged in trade in weapons of mass destruction or advanced conventional weapons pursuant to both law and executive order. Restrictions can include a 1- to 2-year cutoff of procurement contracts with the U.S. government and restrictions on import and export licensing.

State-run arms exporter Rosoboronexport and other Russian defense entities are denied most U.S. government procurement contracts, export licenses, and trade in U.S. Munitions List goods and services under EO 12938 and the Iran, North Korea, and Syria Nonproliferation Act, as amended (P.L. 106-178; both codified at 50 U.S.C. 1701 note). In addition, restrictions against entering into government contracts and other transactions with Rosoboronexport have been stated in annual defense appropriations acts since 2013 (see below).

UFSA also requires sanctions against Rosoboronexport; Russian entities that transfer weapons to Ukraine, Georgia, or Moldova; and financial institutions that engage in related significant transactions related to weapons proliferation (no designations, other than Rosoboronexport, to date).

Other Sanctions

In addition to Ukraine-related restrictions, the Department of Commerce imposes export licensing restrictions on Russian persons based on other national security and foreign policy determinations. In December 2017, restrictions were imposed on two entities for their role in Russia's alleged violation of the Intermediate-Range Nuclear Forces (INF) Treaty.

Around three dozen Russian persons have been designated under global sanctions regimes related to terrorism and transnational crime.

SSIDES, as amended, requires sanctions on foreign persons that violate Russia-related sanctions or facilitate significant transactions for persons subject to sanctions and their family members (no designations to date).

CRIEEA authorizes (but does not require) sanctions on persons who invest or engage in trade, valued at \$1 million, or \$5 million over 12 months, that enhances Russia's ability to construct energy export pipelines.

Finally, UFSA requires sanctions against Gazprom if the company is found to withhold significant natural gas supplies from NATO member states or countries like Ukraine, Georgia, or Moldova.

Other Restrictions

As in past years, FY2018 foreign operations appropriations restrict foreign assistance to Russia's central government. Additional restrictions exist on defense and energy appropriations (P.L. 115-141, Division C, §8104; Division D, §305(a); Division K, §7015(f) and §7070).

Russia is also identified as a Tier 3 country under the Trafficking Victims Prevention Act of 2000 (P.L. 106-386; 22 U.S.C. 7101 et seq.) for failing to meet minimum standards for the elimination of human trafficking. The designation requires limits on aid and cultural exchanges, the latter of which is waived for U.S. national interests.

Dianne E. Rennack, drennack@crs.loc.gov, 7-7608
Cory Welt, cwelt@crs.loc.gov, 7-0530